

Governor's FY 2024 Budget: Articles

Staff Presentation to the House Finance
Committee
March 1, 2023

Introduction

- 2023-5200 - FY 2024 Budget
 - Article 1 Section 1
 - Additional Appropriation
 - Article 8 – Education
 - MBE School Construction Threshold
 - Student Success Factor Increase
 - Homeless Student Distribution
 - Public Schools of Choice Supplemental Fund

Article 8 - Education

| Governor FY 2024 Recommended Budget | |
|-------------------------------------|---------------|
| Article 8 | |
| Student Success Factor Increase | \$9.9 |
| Homeless Students | 2.5 |
| Public Schools of Choice | 7.9 |
| Article 8 Total | \$20.3 |
| Article 1 | |
| Additional Appropriation | \$8.5 |
| Total | \$28.8 |

\$ in millions

Article 8 - Education

- 2022 Assembly required RIDE to develop measures for student poverty data collection that do not rely on school nutrition program participation
 - To be implemented with FY 2024 education funding formula calculation
- Current law “poverty status” for aid calculations defined as
 - Students whose family income is at or below 185% of poverty

Article 8 - Education

- RIDE currently uses info from lunch forms as one measure
 - Differences in how districts collect this data or if they collect the data at all
 - Districts that participate in community eligibility school meals program use separate income verification form
 - State ensures it counts students receiving SNAP benefits and other public assistance
 - Automatically eligible for school meal programs

Article 8 - Education

- RIDE budget request uses direct certifications multiplied by a factor of 1.6
 - Students categorically eligible for free lunch by receiving a means tested benefit
 - 1.6 factor intended to address shortcomings of direct certification data
 - Relies on voluntary household participation
 - Excludes some non-citizens
 - No statutory language proposed
 - Governor's budget uses census data for Central Falls

Article 8 - Education

| Recommendations | RIDE | Gov |
|---|------|-----|
| Increase student success factor from 40% to 42% | √ | √ |
| New factor for homeless students | √ | √ |
| Poverty data stabilization fund | √ | |
| One-time supplemental transition fund | √ | √ |
| New public schools of choice transition fund | | √ |

Article 8 - Education

- Funding formula includes
 - Core instruction amount per pupil
 - Single poverty weight as proxy for need
 - 185% of federal poverty level
 - For FY 2024 new method for measuring
 - State share ratio that considers the district's ability to generate revenues & its poverty concentration
 - Relative measure
 - Ranges from 4.5% to 94.2%

Education Aid

| FY 2024 | >185% of FPL | 185% of FPL |
|-------------------------|--------------|-------------|
| Core instruction amount | \$11,876 | \$11,876 |
| 40% weight | - | 4,750 |
| Per student amount | \$11,876 | \$16,626 |

FPL = Federal Poverty Level

- This is the basis for the rest of calculation
- Core instruction amount based on RI, MA, CT & NH averages – updated annually

Article 8 - Education

- Additional state funding outside formula to address specific issues/shortcomings with formula
 - Subject to appropriation
- Some adopted with funding formula
 - High-cost special education students
 - High-cost career and technical programs
 - Early childhood education programs
 - Transportation
 - Limited bonus for regionalized districts

Article 8 - Education

- Other categories added over time to address other issues
 - FY 2017 English language learners and school of choice density aid
 - FY 2018 funding for regionalized districts transportation separated and increased
 - FY 2018 3-year program to support new school resource officers

Article 8 - Education

- Funding formula deliberations included extensive debate about how to “weigh” different types of student need
- 2010 Assembly adopted a single weight for number of students in poverty
 - 40% of the core per pupil amount added for each student in poverty
 - Free and reduced lunch counts

Article 8 - Education

- Why one weight as proxy for student needs?
 - Research presented showed
 - Poverty density is good predictor of concentration of student need
 - Single weight used by many states
 - Poverty data is defined federally
 - Difficult to manipulate data for a favorable outcome
 - Other weights can provide incentive to classify in a particular manner to drive funding

Article 8 - Education

- Article 8 increases poverty weight from 40% to 42%
 - \$4,988 based on \$11,876 per pupil core instruction amount
 - \$4,750 under current law
 - Adds \$9.9 million in costs for FY 2024
 - Exclusive of other calculation changes

Article 8 - Education

- Article 8 adds aid category based on homeless students
 - Additional funding on per student basis
 - 25% of per pupil core instruction amount reduced by share ratio
 - Budget assumes \$2.5 million for 1,358 homeless students
 - Self-reported by districts
 - No guidance on data collection or reporting
 - Not clear what point in time is being used
 - How are data updates handled

Article 8 - Education

| | FY 2012 | FY 2024 Gov | Change to FY 2012 | | Avg. Annual Chg |
|---------------------|----------------|------------------------|------------------------------|-------|--------------------------------|
| Per Pupil Core | \$8,333 | \$11,876 | \$3,543 | 42.5% | 3.5% |
| Enrollment | 140,913 | 137,556 | (3,357) | -2.4% | -0.2% |
| Students in Poverty | 63,446 | 59,967 | (3,479) | -5.5% | -0.5% |
| % Poverty Status | 45.0% | 43.6% | -1.4% | -3.2% | -0.3% |
| Highest Share Ratio | 92.6% | 94.2% | 1.6% | 1.7% | 0.1% |
| Avg. Share Ratio | 38.7% | 37.9% | -0.8% | -2.1% | -0.2% |
| Avg. Weighted | 52.6% | 53.9% | 1.3% | 2.5% | 0.1% |
| Aid Per Student | \$5,074 | \$8,243 | \$3,169 | 62.4% | 5.2% |

Data Changes – Poverty Status

- 13 districts with higher poverty % in FY 2024 than FY 2023
- 25 districts are lower
- 1 no change

| District | FY 2024 | Chg to FY 2023 |
|------------------|---------|----------------|
| Woonsocket | 89.7% | 9.8% |
| Richmond | 22.5% | 6.2% |
| Hopkinton | 25.7% | 4.7% |
| Scituate | 15.9% | 3.5% |
| North Kingstown | 27.1% | 2.8% |
| East Providence | 42.8% | -5.2% |
| Coventry | 24.2% | -6.1% |
| Burrillville | 32.5% | -6.4% |
| Middletown | 24.4% | -8.1% |
| New Shoreham | 8.8% | -8.8% |
| North Providence | 40.5% | -9.0% |

Article 8 - Education

| | FY 2012 | FY 2020 | FY 2024 Gov | Change to FY 2020 |
|---------------------|----------------|----------------|------------------------|----------------------------------|
| Per Pupil Core | \$8,333 | \$9,871 | \$11,876 | \$2,005 |
| Enrollment | 140,913 | 142,306 | 137,556 | (4,750) |
| Students in Poverty | 63,446 | 67,972 | 59,967 | (8,005) |
| % Poverty Status | 45.0% | 47.8% | 43.6% | -4.2% |
| Highest Share Ratio | 92.6% | 94.8% | 94.2% | -0.6% |
| Avg. Share Ratio | 38.7% | 38.4% | 37.9% | -0.5% |
| Avg. Weighted | 52.6% | 55.0% | 53.9% | -1.1% |
| Aid Per Student | \$5,074 | \$6,737 | \$8,243 | \$1,506 |

Article 8 - Education

- New Public Schools of Choice Supplemental Fund
 - Provides 2 years of funding to districts experiencing enrollment losses from students moving to charter schools
 - Excludes students moving to Davies or the Met
 - Districts would receive 60% of per-pupil funding lost in first year & 30% in the second year

Article 8 - Education

- Charter schools funded like other districts
 - State share same as sending district for each student
 - Local share is local per pupil cost
- Concerns with impact of charter school growth on traditional districts
 - 2015 special legislative commission
 - Working Group to Review the Permanent Education Foundation Aid Formula
 - Established through executive order

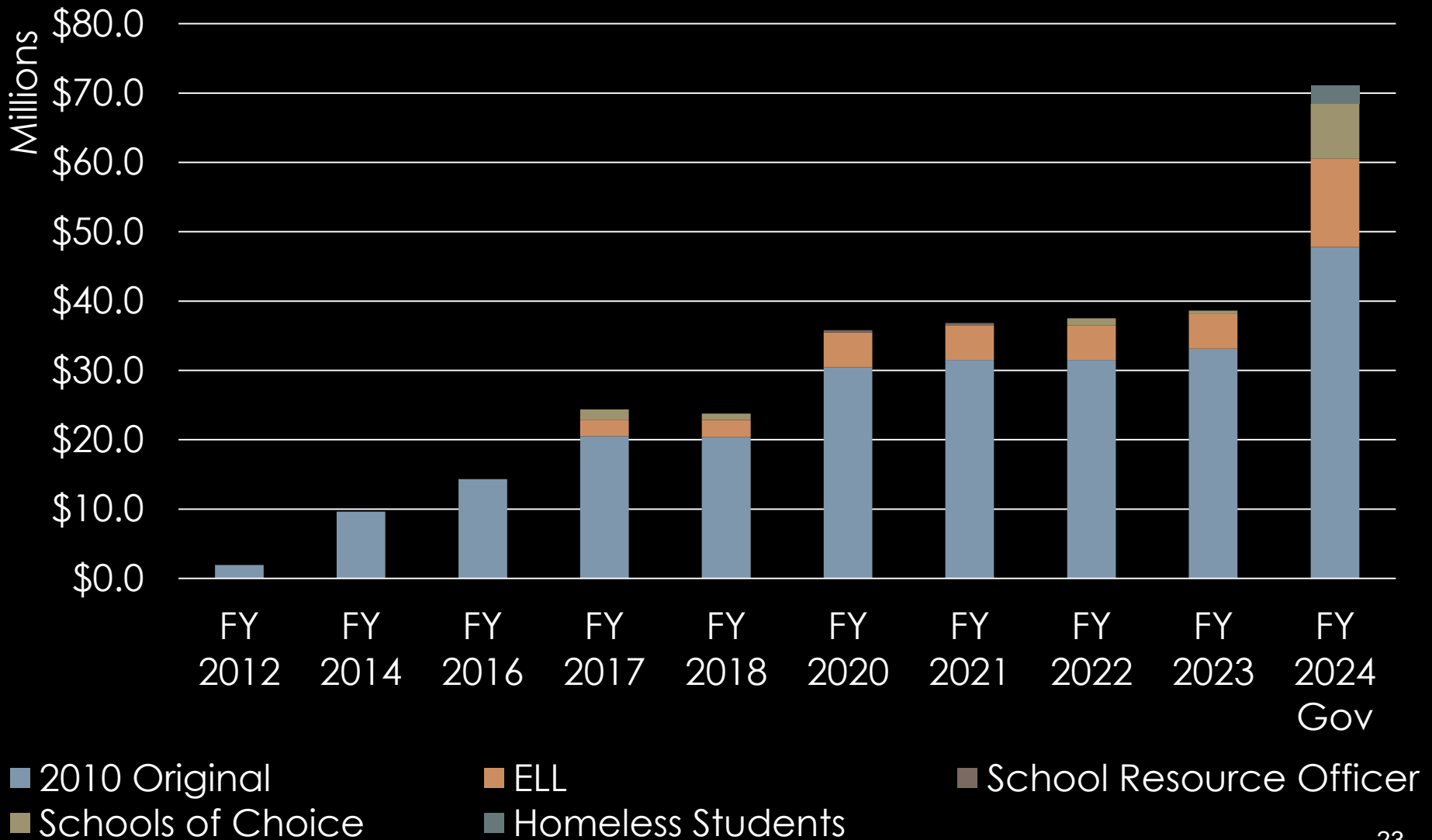
Article 8 - Education

- 2016 Assembly
 - Reduced local payments by greater of 7% of local per pupil funding or “unique” costs
 - Enacted a 3-year program
 - \$175 per student for FY 2017, \$100 per student for FY 2018 & \$50 per student for FY 2019
- 2021 Assembly
 - Permanently provide aid to districts with at least 5% of resident students enrolled in schools of choice
 - \$500 per pupil

Article 8 - Education

- Governor discontinues this aid
- Replaces it with new public schools of choice transition fund
 - \$7.9 million for FY 2024
 - Partial and declining payments to districts for 2 years after student leaves

Article 8 - Education



Article 8 - Education

| Category of Funding | FY 2023 Enacted | FY 2024 Gov | Chg. to Enacted |
|----------------------------------|--------------------|----------------|--------------------|
| High Cost Special Education | \$4.5 | \$9.8 | \$5.3 |
| Career and Technical | 4.5 | 4.5 | - |
| Early Childhood | 14.9 | 22.9 | 8.0 |
| Non-Public Transportation | 3.5 | 3.5 | - |
| Regional District Transportation | 5.8 | 7.2 | 1.4 |
| English Language Learners | 5.0 | 12.8 | 7.8 |
| School Choice Density | 0.5 | - | (0.5) |
| Public Schools of Choice | - | 7.9 | 7.9 |
| Homeless Students | - | 2.5 | 2.5 |
| Total | \$38.6 | \$71.0 | \$32.3 |

\$ in millions

Article 1 - Additional Appropriation

- Current law formula update
 - Results in \$13.4 million aid reduction
 - Pandemic impact on public school enrollment
 - Other demographic changes
- FY 2022 amended formula used
 - Greater of March 2020 or March 2021 enrollment & percent of students in poverty
- FY 2023 formula used prior year share ratios and the greater of three years enrollment data

Data Changes - Enrollment

- No districts grew from FY 2023 (best of 3 years) to FY 2024
- Losses ranged from 1% in EG to 18.3% for Little Compton

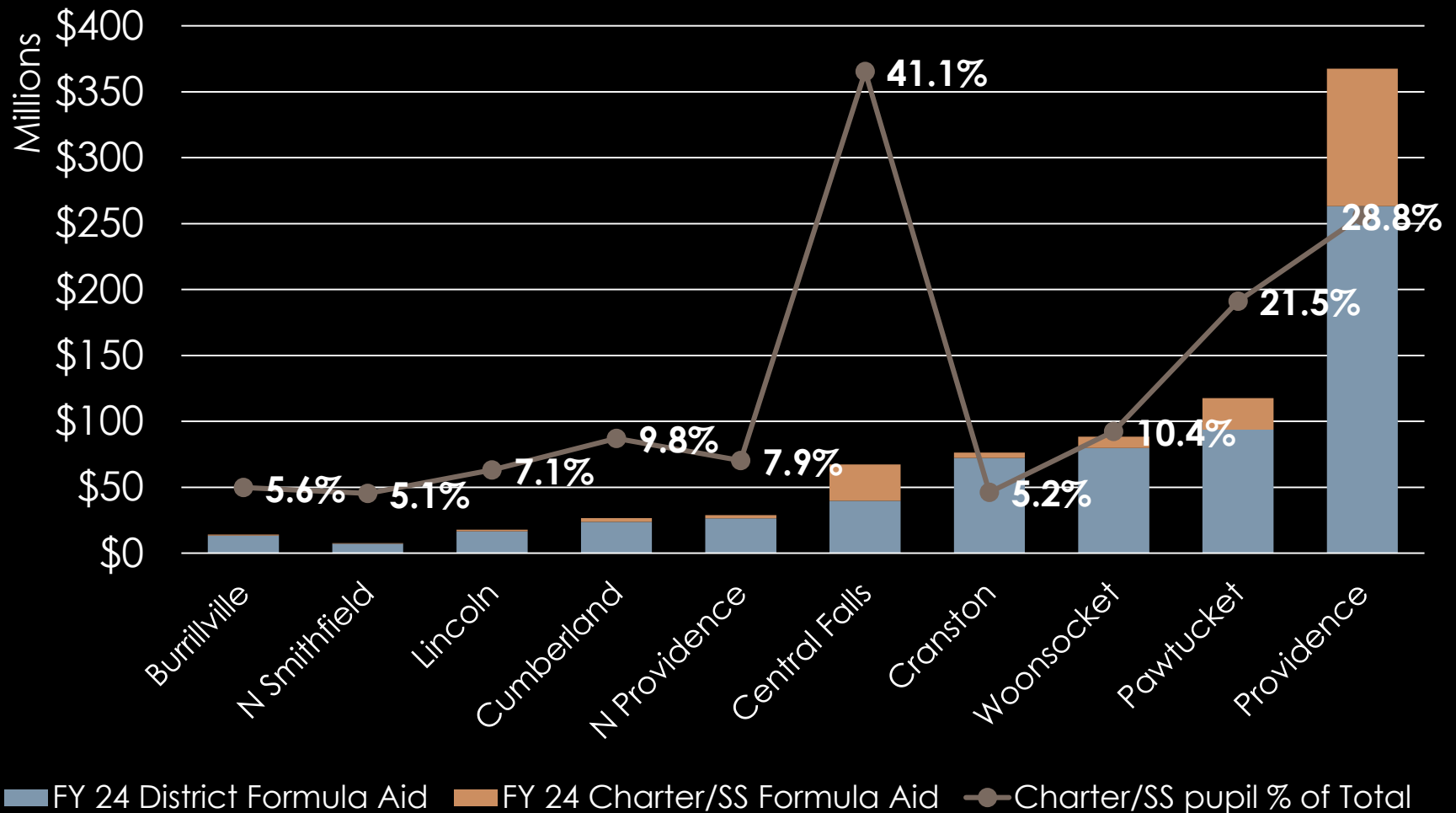
| District | FY 2024 | Chg. to FY 2023 | |
|----------------|---------|-----------------|--------|
| Little Compton | 281 | (63) | -18.3% |
| New Shoreham | 129 | (19) | -12.8% |
| Westerly | 2,438 | (245) | -9.1% |
| Providence | 19,403 | (1,738) | -8.2% |
| S. Kingstown | 2,679 | (239) | -8.2% |
| Newport | 1,926 | (162) | -7.8% |
| Narragansett | 1,118 | (93) | -7.7% |
| Bristol-Warren | 2,937 | (226) | -7.1% |
| Portsmouth | 2,134 | (161) | -7.0% |
| Pawtucket | 8,002 | (544) | -6.4% |

Data Changes – Share Ratio

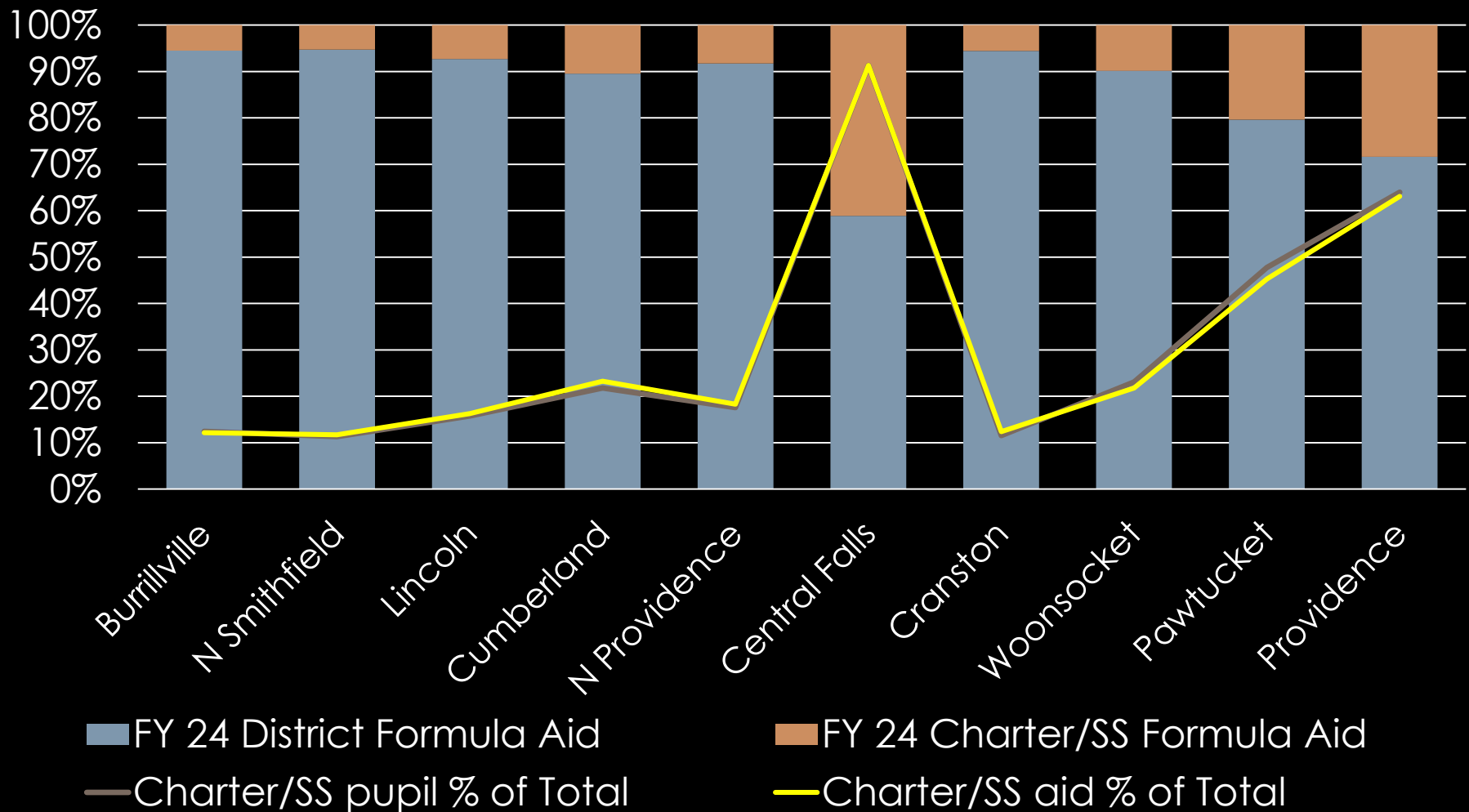
- 19 districts with higher state share ratio in than FY 2023
 - FY 2022 actual
- 19 districts with lower state share
- 1 no change

| District | FY 2024 | Chg to FY 2023 |
|------------------|---------|----------------|
| Tiverton | 25.7% | -7.4% |
| New Shoreham | 6.2% | -6.2% |
| East Providence | 51.4% | -5.1% |
| Middletown | 26.4% | -4.7% |
| Pawtucket | 77.0% | -3.5% |
| Lincoln | 39.3% | -3.3% |
| North Smithfield | 36.2% | 3.4% |
| Barrington | 25.2% | 3.8% |
| Woonsocket | 89.3% | 4.1% |
| Exeter | 28.6% | 6.6% |
| Scituate | 23.3% | 6.7% |

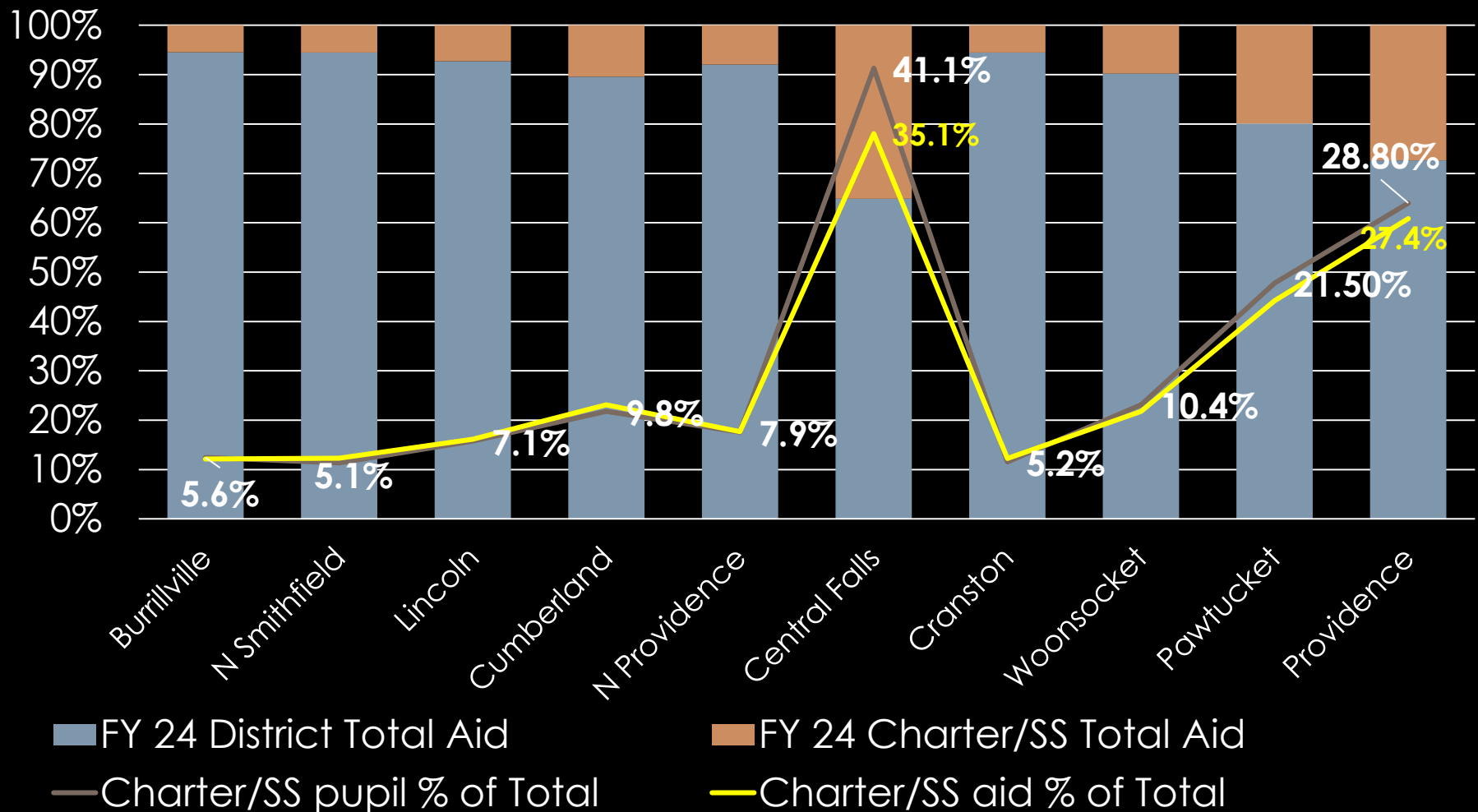
Data Changes – Charter & State School Enrollment



Data Changes – Charter & State School Enrollment



Data Changes – Charter & State School Enrollment



Article 1 - Additional Appropriation

- Language imbedded in education aid appropriation in Article 1
 - To assist districts with aid declines from enrollment losses or other demographic changes
- Value: \$8.5 million from general revenues
 - To 17 districts and 3 charter schools

Article 1 - Additional Appropriation

- Burrillville
- East Providence
- Lincoln
- Little Compton
- Middletown
- Narragansett
- Newport
- New Shoreham
- North Kingstown
- North Providence
- Pawtucket
- Portsmouth
- Providence
- Tiverton
- Westerly
- Bristol-Warren
- Exeter-West Greenwich
- Charters
 - Highlander
 - International
 - Times2 Academy

School Construction Aid

- Current law
 - Minimum of 10% of state purchasing and construction contracts are awarded to women & minority-owned businesses
 - 51% or more owned and operated by a disadvantaged individual
 - Currently 950 certified businesses
 - Office of Diversity, Equity & Opportunity oversees/coordinates
 - Also applies to school construction projects

School Construction Aid

- Article 3 increases threshold to 15%
 - Separate 7.5% minimums for minority-owned and women-owned business enterprises
 - HFC hearing on February 16
- Article 8 makes similar change in school construction statute
 - From 10% to 15%
 - consistent with the change proposed in Article 3

School Construction Aid

- State reimburses cities and towns for a share of school capital projects
 - Includes principal and interest
- State shares are based on a district's wealth compared to state wealth
 - Minimum state share is 35%
 - Charter schools get 30%
 - Bonuses for regionals & specific types of projects

State Share Bonuses

| Permanent Bonuses | State Share Increase |
|---|---|
| Each regionalized grade | 2% per grade (up to 26% for a fully regionalized district) |
| School safety & security Must be 75% of project cost | 5% |

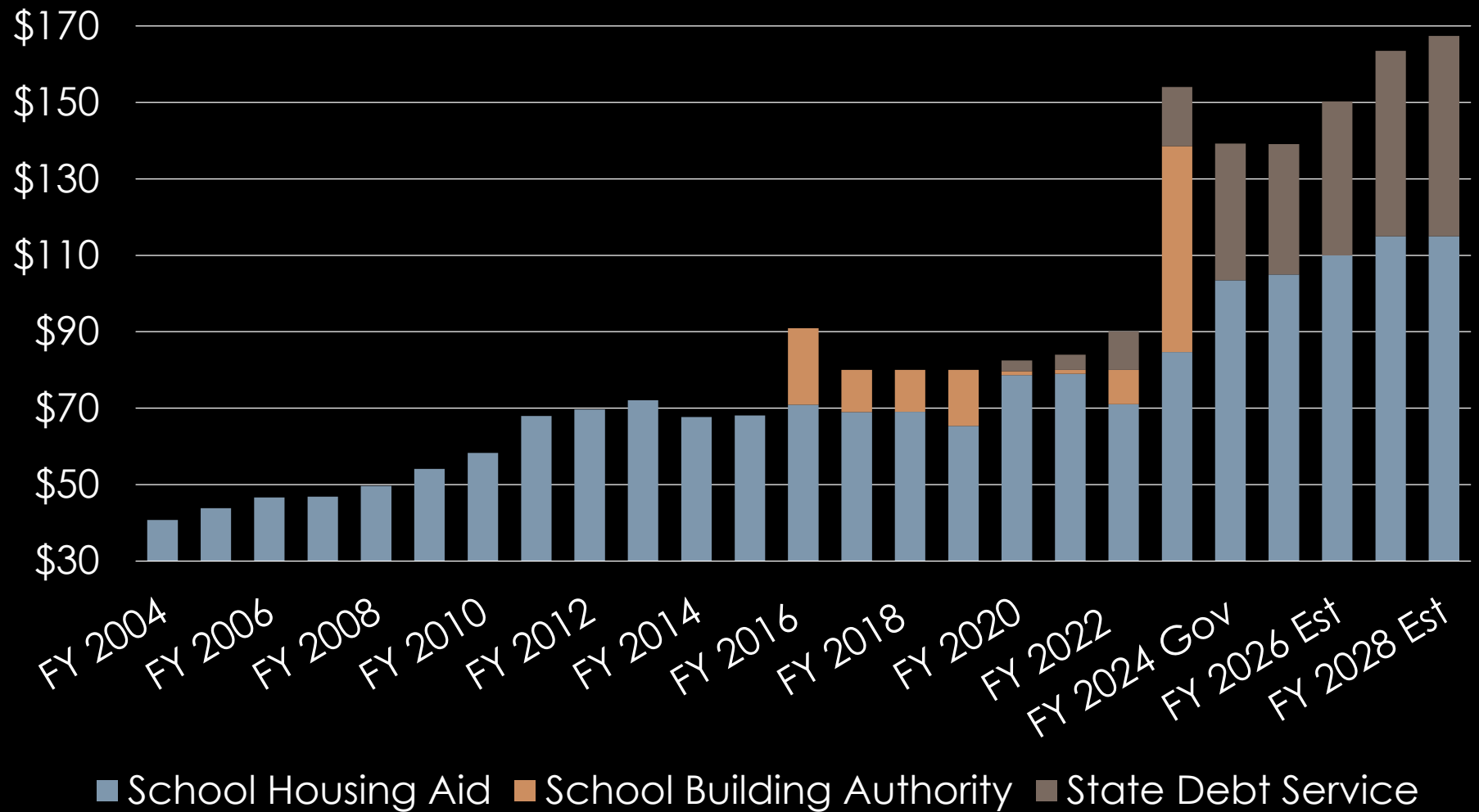
- Temporary incentives for several categories
 - Capped at 20% plus
 - State share cannot increase by more than half
 - For 35% communities, that means they can only get 17.5%

Temporary State Share Incentives

| Temporary Incentives | Add | Start By |
|--|-----|----------|
| Health & safety | 5% | 2023 |
| Educational enhancements (CTE & early ed.) | 5% | 2023 |
| Replacing a facility with a Facilities Condition Index of 65%+ | 5% | 2023 |
| Increase functional utilization of a facility from less than 60% to 80% | 5% | 2023 |
| Decrease functional utilization of a facility from >120% to between 85% and 105% | 5% | 2023 |
| Consolidation of 2 or more buildings within or across districts | 5% | 2023 |

School Housing Aid

Expenditures (in millions)



Education Aid

| | FY 2023 Enacted | FY 2024 Gov | Chg. To Enacted |
|---------------------|----------------------------|------------------------|----------------------------|
| Formula Aid | \$1,096.9 | \$1,133.8 | \$36.9 |
| Categorical Funding | 38.6 | 60.6 | 21.9 |
| Set-Aside Funds | 1.0 | 1.0 | - |
| Teacher Retirement | 130.9 | 132.7 | 1.9 |
| School Housing Aid | 138.5 | 103.5 | (35.1) |
| Total | \$1,406.0 | \$1,431.6 | \$25.7 |

\$ in millions

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